

UNITED STATES BANKRUPTCY  
COURT SOUTHERN DISTRICT OF  
TEXAS HOUSTON DIVISION

IN RE:	§	Case No. 23-34815 (JPN)
GALLERIA 2425 Owner, LLC.	§	
Debtor	§	Chapter 11

**RESPONSE TO SONDER USA INC.'S EMERGENCY  
MOTION FOR LIMITED STAY PENDING APPEAL OF THE  
ORDER GRANTING TRUSTEE'S MOTION FOR AN ORDER  
(A) AUTHORIZING THE TRUSTEE TO SELL THE ESTATE'S CLAIMS  
AGAINST SONDER USA INC. AND SONDER CANADA INC.,  
(B) PROVIDING THAT ANY SUCH SALE WILL BE FREE AND  
CLEAR OF INTERESTS EXCEPT FOR INTERESTS OF CONTINGENCY COUNSEL  
AND DEFENSES, AND (C) GRANTING RELATED RELIEF**

TO THE HONORABLE U.S. BANKRUPTCY JUDGE:

COMES NOW 2425 WL, LLC ("Respondent") and files this Response to Sonder USA Inc.'s Emergency Motion for Limited Stay Pending Appeal and would show as follows:

1. The Court should deny the motion for stay pending appeal.
2. One element is that Movant must show a likelihood of success on the merits. Movant cannot meet this burden. The Trustee accepted an offer from 2425 WL, LLC to purchase the claims at issue for \$125,000. Sonder's competing offer was to pay \$75,000 and to release certain unsecured claims. The Court adjourned the hearing to allow Sonder to make a higher offer but it failed to do so. The Court found that the Trustee properly exercised his business judgment. The Fifth Circuit has held that in dealing with mixed issues of law and fact, the Court should examine whether the issue is more legal in nature or more fact-intensive. The Court found that reviewing an exercise of business judgment was more heavily factual and thus subject to the clearly error rule. *Off. Comm. of Unsecured Creditors v. Bouchard Transp. Co. (In re Bouchard Transp. Co.)*, 74 F.4th 743, 749 (5<sup>th</sup> Cir. 2023). Sonder will face an insurmountable burden to show that the

Court's decision to approve the Trustee's business judgment was clearly erroneous.

3. Another aspect to whether Sonder is likely to prevail is whether it even has standing to appeal. In order to appeal, a person must be an aggrieved party. Generally, an unsuccessful bidder for estate assets is not a person aggrieved and therefore not a person with standing to appeal. *In re Broadmoor Place Invs., LP*, 944 F.2d 744, 746 (0<sup>th</sup> Cir. 1993); *In re Moran*, 566 F.3d 676, 681 (6<sup>th</sup> Cir. 2009); *Spitz v. Nitschke*, 528 B.R. 874 (E.D. Wisc. 2015); *In re HST Gathering Co.*, 125 B.R. 466, 468 (W.D. Tex. 1991).

Therefore, Sonder lacks standing to appeal this court's order and is unlikely to prevail on the merits.

4. The next element is whether the party seeking the stay will be irreparably harmed if the stay is not granted. If the stay is not granted, 2425 WL, LLC will move forward to consummate the sale. This will not irreparably harm Sonder because Sonder will be in the same position as it was before the Trustee sought to sell the claims, namely that it will have to defend the claims. Not getting the opportunity to settle claims on a cheap basis is not irreparable harm.
5. The third element is whether granting the stay would substantially harm the other parties. This element weighs against granting the stay. An appeal can take at least a year to sort out. In the meantime, no one will be pursuing the claims and they will become stale. Sonder's proposed remedy of depositing funds with the Chapter 11 Trustee offers no benefit to 2425 WL, LLC as the winning bidder. Sonder would need to post a bond in favor of 2425 WL, LLC to compensate it for not being able to pursue the claims during the period of the appeal.
6. Finally, there is the public interest. The public interest favors finality and allowing

bankruptcy estates to maximize their value. If bankruptcy sales can be placed on hold for years at a time, it will discourage parties from bidding on estate assets.

Dated: May 29, 2024

Respectfully Submitted,

**BARRON & NEWBURGER, P.C.**

7320 N. MoPac Expwy., Suite 400

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Tel: (512) 476-9103

By: /s/ Stephen W. Sather

Stephen W. Sather

State Bar No.

*ATTORNEYS FOR CREDITOR*

*2425 WL, LLC*

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing Response was served on May 29, 2024 to the parties on the attached list.

/s/ Stephen W. Sather

Stephen W. Sather

Label Matrix for local noticing  
0541-4  
Case 23-34815  
Southern District of Texas  
Houston  
Thu May 9 13:16:14 CDT 2024

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Houston, TX 77041-5627

CFI Mechanical, Inc  
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The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Harris County, ATTN: Property Tax Division  
Harris County Attorney's Office  
P.O. Box 2928  
Houston, TX 77252-2928 United States

First Insurance Funding  
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Northbrook, IL 60062

(d)Harris County Tax Assessor  
PO Box 4622  
Houston, TX 77210

(d)Harris County, et al  
PO Box 2928  
Houston, TX 77252

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)2425 West Loop, LLC

(u)Sonder USA Inc.

(d)Arin-Air, LLC  
5710 Brittmoore Rd. #13  
Houston, TX 77041-5627

(du)Sonder USA Inc.

(u)Jack Rose

End of Label Matrix	
Mailable recipients	58
Bypassed recipients	5
Total	63